

1813Z 28 JUL 65

S E C R E T

TO : DIRECTOR

FROM : [REDACTED] 25X1

ACTION:

INFO :

PRIORITY

TOR: 1854Z 28 JUL 65

OSA-1-20

IN-99978

TO PRIORITY [REDACTED]

IDEALIST

25X1

FOR JIM CUNNINGHAM FROM KELLY JOHNSON

REF: A. [REDACTED] 25X1

B. [REDACTED]

CS/OSA FILE COPY

MUCH INFORMATION REQUESTED IN SUBJECT REFERENCES WAS GIVEN TO YOU IN MY LETTER AND SP-873 AND DURING SUBSEQUENT VISIT REGARDING COSTS OF 17 AND 35 AIRCRAFT FLEETS. THE FOLLOWING INFORMATION REFERENCES ITEM NUMBERS USED IN REF. A.:

1A. FOR THE 17 AIRCRAFT FLEET AT A RATE OF ONE DELIVERY

25X1 PER MONTH, AIRCRAFT PRICE IS [REDACTED] THIS TOTAL TARGET PRICE COMPARES DIRECTLY TO THE PRICE PROPOSAL MODEL U-2N FOR 25, 30, AND 27 AIRPLANES IN MY FORWARDING LETTER, LINE AT THE BOTTOM OF THE PAGE. IT MAKES NO SENSE TO GO TO TWO AIRCRAFT PER MONTH IN THE 17 AIRCRAFT PROGRAM. AT THIS STAGE OF THE GAME, WE COULD NOT SHOW IMPORTANT PRICE DIFFERENCES SHOULD WE END UP ON A LEARNING CURVE BASIS DOING SOMETHING MORE THAN ONE. THE PRICE FOR 35 AIRCRAFT IS BASED ON GOING TO TWO AIRCRAFT PER MONTH AFTER ABOUT

RB/OSA #

S E C R E T

25X1

[REDACTED] (IN-99978)

S E C R E T

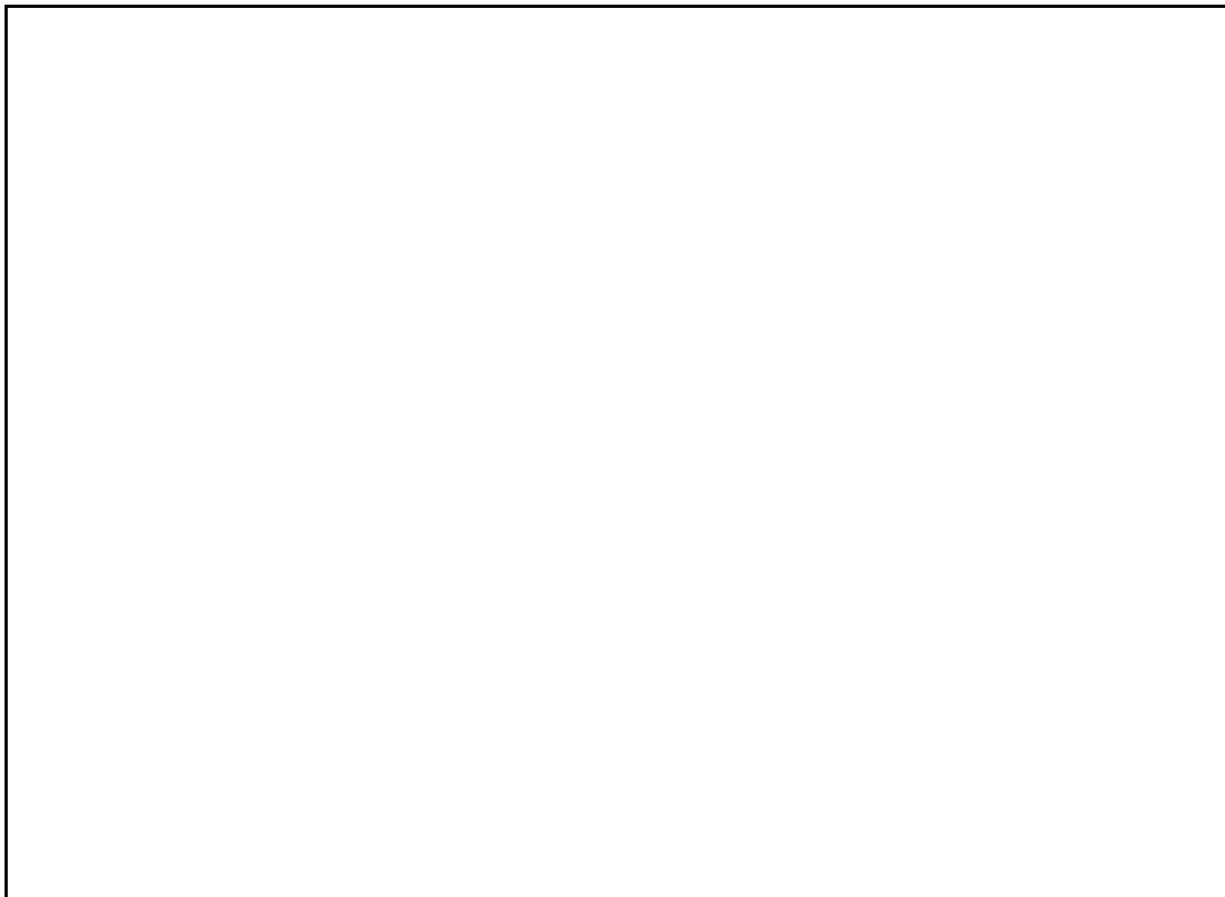
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6 TO 10 AIRCRAFT. IT MAKES NO SENSE TO MAKE 35 AIRCRAFT AT ONE
PER MONTH WITH NO IMPROVEMENT DUE TO LEARNING CURVES. THE
PRICE FOR 35 AIRCRAFT, WHICH WOULD BE COMPARED TO THE [REDACTED]
FOR 27 AIRCRAFT AT THE SAME RATE, IS [REDACTED]

25X1

25X1

25X1



IC. UNIT PRICE OF NEW AIRCRAFT AT A RATE OF 3 PER YEAR
CANNOT BE QUOTED.. WE DO NOT KNOW HOW TO KEEP A CREW TO MAINTAIN
ANY LEARNING WHATSOEVER BETWEEN AIRCRAFT. OBVIOUSLY THE
ENGINEERING AND TOOLING COSTS ARE THE SAME FOR START UP OF
PRODUCTION UNDER ANY OF THE OPTIONS, WITHIN CLOSE LIMITS. BUILDING
THREE AIRCRAFT PER YEAR WOULD PROBABLY RESULT IN A CONSTANT

25X1

[REDACTED] (IN-99973)

S E C R E T

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25X1 COST OF ABOUT [REDACTED] PER AIRCRAFT. THIS IS A VERY NUTTY PROGRAM.
WE SHOULDN'T BID IT AT ALL.

2. THERE ARE SO MANY OPTIONS PROVIDED ON THE ATTACHMENT
TO MY LETTER ON PRICE PROPOSALS FOR THE MODEL U-2N THAT YOU CAN
READILY EXTRAPOLATE FOR THE 17 AND 35 AIRCRAFT PROGRAMS.

3. MISSION PROFILES REQUESTED ARE INCLUDED IN REPORT
SP-873. WE CANNOT GO INTO THE DETAIL DIFFERENCES REQUESTED IN
ITEM 3E, AS WE HAVE NO ENGINE DATA TO WORK OUT SUCH MINOR
DIFFERENCES IN PERFORMANCE.

4. WE HAVE NO COSTS ON INSTALLING A LIGHTWEIGHT INS SYSTEM
OR DOPPLER SYSTEM, BUT IF THESE ITEMS WERE GFE I WOULD BE WILLING
TO INSTALL THEM WITHIN THE COST FIGURES GIVEN, AS LONG AS WE KNOW
AT THE START THAT SUCH EQUIPMENT IS TO BE PROVIDED.

GREATLY REGRET TO SEE SUCH EXERCISES BEING RUN AT THIS DATE.
MANY OF THE QUESTIONS CAN BE ANSWERED WITHOUT INVESTIGATION
BASED ON OUR EXPERIENCE WITH THE U-2 TO DATE. AS YOU WELL KNOW,
WE ARE UP TO OUR NECKS IN SOLVING PROBLEMS ON THE OTHER PROGRAM
AND HAVE NO EFFORT TO DIVERT TO THE NORMAL TYPE OF EXERCISES
SO COMMON IN THE AIRCRAFT INDUSTRY TODAY.

END OF MESSAGE

S E C R E T